




CITY COUNCIL TRANSMITTAL


Patrick Leary, Chief of Staff

Date Received: March 22, 2017
Date sent to Council: March 24, 2017

TO: Salt Lake City Council
Stan Penfold, Chair

DATE: March 22, 2016

FROM: Mary Beth Thompson, Finance Director 

SUBJECT: Public Benefits Analysis Re: Waiver of Vehicle Charging Station Fees, Per the Requirements of Utah Code Section 10-8-2

SPONSOR: NA

STAFF CONTACT: Tyler Poulson, Senior Energy & Climate Program Manager (801) 535-7259; Megan DePaulis, Appointed Senior City Attorney (801) 535-7685 or Randy Hillier, Policy and Budget Analyst (801) 535-6606

DOCUMENT TYPE: Public Benefits Analysis and Recommendation

RECOMMENDATION: The Administration recommends that a public hearing on the matter of the Public Benefits Analysis of the waiver of fees for use of the City's vehicle charging stations through January 31, 2018

BUDGET IMPACT: The budget would be impacted an estimated \$17,760, which will be covered by a budget surplus remaining from the most recent Level 2 charging station installation project.

BACKGROUND/DISCUSSION: Per a request from the Sustainability Department, the Attorney's Office worked with the Sustainability Department to conduct a Public Benefits Analysis related to the proposed waiver of fees at the City's vehicle charging stations through January 31, 2018.

The fee waiver is being proposed to incentivize public use of the available vehicle charging infrastructure as drivers' transition to electric vehicle usage in the City. It is anticipated that a fee waiver will promote higher usage and assist in the City's goal of reducing tailpipe emissions.

PUBLIC PROCESS: Public Hearing

MEMORANDUM

TO: Patrick Leary
Chief of Staff

FROM: Randy Hillier, Megan DePaulis, Tyler Poulson and Debbie Lyons

DATE: March 22, 2017

SUBJECT: Waiver of Vehicle Charging Station Fees: Study to Comply with Utah Code Section 10-8-2

Salt Lake City recently installed publicly-accessible electric vehicle (EV) charging stations at 12 new locations, providing 28 new charging ports. In total, Salt Lake City currently owns and operates 30 publicly accessible Level 2 EV charging ports at 13 locations and two Level 3 ports at one location. A table of EV locations is attached as Exhibit A.

To incentivize public use of this infrastructure and EV adoption, and deliver related air quality and public health benefits, the Administration is requesting a temporary waiver of user fees at all existing EV charging stations through January 31, 2018. The estimated budget impact is \$17,760 for a ten-month period. Costs associated with the fee waiver would be covered by an existing budget surplus remaining from the most recent Level 2 charging station installation project. A grant from the Utah Division of Air Quality covered the cost to purchase 14 new dual-port stations and \$115,000 was allocated in the Sustainability Department FY17 budget to pay for costs associated with installation.

National Trends on EV Charging Fee Public Policy:

There are a wide-range of opinions and practices nationally on whether to charge users for public EV charging stations. Cities must balance the desire to incentivize adoption of EVs and maximize use of charging infrastructure with the cost to provide EV charging. Certain cities with very high EV adoption rates are now considering imposing a fee for public stations to prevent overcrowding as the demand for stations exceeds supply. Less than 1% of passenger cars and trucks registered in Salt Lake County are currently plug-in vehicles, reflecting that we are still low on the adoption curve.

Legal Framework for Fee Waivers:

Under Utah law, after first holding a public hearing, a municipality may “authorize municipal services or other nonmonetary assistance to be provided to . . . a nonprofit entity, whether or not the municipality receives consideration in return.” Utah Code § 10-8-2(1)(a)(5). Because the individuals who are anticipated to use the EV charging stations may be considered “nonprofit entities,” the City may waive the fees it would ordinarily collect for use of the City Property so long as the municipal legislative body hold a public hearing regarding the waiver. It should be noted, however, that this analysis does not support a long-term waiver of EV charging fees to for-profit entities.

A formal study is not required under Utah Code section 10-8-2(3)(e) for services or assistance provided to a non-profit entity after public hearing. Utah Code § 10-8-2(2)(a). However, an informal study considering the same factors as a formal study is set forth below.

Utah Code 10-8-2 outlines the purposes for which a municipal body may appropriate funds (or in this case, appropriate funds to support a waiver of fees for a service that the City ordinarily charges for in the amounts specified on the consolidated fee schedule) and the factors that must be considered in determining the propriety of such an appropriation. If the waiver is for the benefit of a for-profit entity, prior to the requisite public hearing and decision to appropriate any funds, a formal study must be performed. The criteria for a formal study, which is a helpful guide for an informal study or analysis, consists of the following factors:

- (1) What identified benefit the municipality will receive in return for any money or resources appropriated;
- (2) The municipality's purpose for the appropriation, including an analysis of the way the appropriation will be used to enhance the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the municipality; and
- (3) Whether the appropriation is "necessary and appropriate" to accomplish the reasonable goals and objectives of the City in the area of economic development, job creation, affordable housing, blight elimination, resource center development, job preservation, the preservation of historic structures and property, and any other public purpose.

See Utah Code §10-8-2(3)(e).

Based on the benefits of a fee waiver for EV charging station usage discussed below, it is recommended that the City waive EV charging fees through January 31, 2018.

Benefits of the Fee Waiver:

- **Subsidized EV Charging Stations Encourage Usage:** Waiving user fees associated with public EV charging infrastructure encourages local EV ownership and related travel while providing defined air quality benefits relative to other vehicle types. While local EV charging station data, and associated user price sensitivity analysis, is sparse the City has seen a roughly 75% reduction in EV station usage sustained for the Level 3 "fast-charge" stations on 500 South after a fee was imposed beginning in February 2016. Therefore, a fee waiver for EV usage likely will promote higher usage rates, which assists the City's public purpose of reducing tailpipe emissions as discussed below.

- **Improve Local Air Quality:** A recent study by the Southwest Energy Efficiency Project (SWEET) found that electric vehicles (EVs) operating along the Wasatch Front in Utah emit up to 99% less local pollutants than a new gasoline vehicle. EVs do not have a tailpipe, and thus do not produce any emissions from the vehicle itself, however SWEET considered upstream emissions from fossil fuel electric plants to estimate local air quality impacts. SWEET estimated that EVs reduce local emissions by the following amounts relative to a new gasoline vehicle: VOCs (99.7% reduction); SO₂ (95.7%); NO_x (76.1%); PM_{2.5} (64.8%); PM₁₀ (49.3%). Pollution savings from EVs are a notable remedy to air quality issues as the Utah Division of Air Quality has estimated that 57% of local wintertime pollutants currently originate from mobile sources such as vehicles. Reduction of such emissions is a benefit to the City in terms of attracting businesses to locate in Salt Lake and improving public health and quality of life for Salt Lake City residents and visitors.
- **Supports Mayor-City Council Joint Carbon Reduction Goal:** Mayor Biskupski and the City Council adopted a Joint Resolution in November 2016 committing to an 80% reduction in community greenhouse gas emissions by 2040. Ongoing electrification of on-road transportation through the use of EVs, accompanied by a transition to renewable energy on the electric grid, is essential to achieving this goal. Waiver of fees for EV charging station usage, at least initially, will assist the City in reaching these stated goals.

Calculation of the Budget Impact:

The Parking and Traffic section of the City's Consolidated Fee Schedule (CFS) includes two types of EV charging fees, both of which are reflected in the below tables. The difference in fees between Level 2 and Level 3 charging stations relate to the rate of electric charge, and thus related level of service, provided by these two station types. The City's Level 2 stations can provide up to 50 miles of driving range in a little over two hours, whereas the same 50 miles of range can be provided by the Level 3 station in less than 30 minutes due to its higher voltage.

Electric Vehicle (EV) Level 2 Charging Stations	
Base Fee Per Charging Event	\$1 PLUS per kilowatt hour charge
Electricity Charge	\$.10 Per kilowatt hour

Electric Vehicle (EV) Level 3 Charging Stations	
Base Fee Per Charging Event	\$2 PLUS per kilowatt hour charge
Electricity Charge	\$.20 Per kilowatt hour

The task of estimating electricity costs associated with this fee waiver is complicated by a lack of historical data on the use of public EV charging stations. An estimate of two daily uses per Level 2 station, each use lasting 90 minutes, was used in order to calculate funding needed to cover utility costs. This results in an average daily impact of \$1.50

per Level 2 charging port. Electricity for the single Level 3 charging station is estimated to cost \$2.20 per day based on available historical trends for that single site.

Next Steps

Salt Lake City Airport is considering installing EV charging stations for public and employee lot use later this year. Usage fees for the public EV stations are included in the parking fees associated with related stalls, whereas electricity for stations in non-pay lots will be covered by the fee waiver requested in this transmittal.

The Department of Sustainability will track EV station usage and budget impact through the waiver period and will report back to the City Council in late 2017 providing a summary impact and recommend fee structure moving forward. Sustainability is also evaluating opportunities to further expand public EV charging sites, in part by leveraging existing grant funds, and will consider budget impacts of this fee waiver as part of that process.

To meet the law's requirements, this study has been available in the City Recorder's Office, Room 415, City & County Building, 451 South State Street since _____, 2016. The City Council will hold a public hearing on whether to adopt a resolution approving the proposed study. The public hearing will be held _____.

Exhibit A
Salt Lake City Corporation – Public EV Charging Sites

Site Name	Address Salt Lake City	Station Type	Number of Stalls / Charging Ports
Library Square Garage (P1)	210 E 400 S	Level 2 / 240 Volt	4
Library Square Garage (P2)	210 E 400 S	Level 2 / 240 Volt	2
300 South	55 E 300 S	Level 2 / 240 Volt	2
159 S Main St	159 S Main St	Level 2 / 240 Volt	2
Liberty Park	600 E 900 S	Level 2 / 240 Volt	4
Forest Dale Golf Course	2375 S 900 E	Level 2 / 240 Volt	2
Fairmont Aquatic Center	1044 E Sugarmont Dr	Level 2 / 240 Volt	2
Wilmington Ave Sugarhouse	1170 E Wilmington Ave	Level 2 / 240 Volt	2
North of Hogle Zoo	2600 Sunnyside Ave S	Level 2 / 240 Volt	2
Sorenson Multicultural	855 W California Ave	Level 2 / 240 Volt	2
International Peace Gardens	1060 S 900 W	Level 2 / 240 Volt	2
Pioneer Park	250 W 300 S	Level 2 / 240 Volt	2
Public Utilities Admin	1530 S West Temple	Level 2 / 240 Volt	2
South of Leonardo	255 E 500 S	Level 3 “Fast-Charge”	2
SLC Airport EV Sites	Final Locations TBD	TBD Level 2	TBD

RESOLUTION NO. ____ OF 2017

(Authorizing the Waiver of EV Charging Station Fees until January 31, 2018)

WHEREAS, waiving fees for Electric Vehicle (EV) charging stations advances the environmental goals that the City supports, and the City is willing to authorize such a waiver until January 31, 2018 (the "Fee Waiver"); and

WHEREAS, Utah Code Section 10-8-2(1)(a)(v) allows public entities to authorize the use of funds for nonmonetary assistance to nonprofit entities after a public hearing; and

WHEREAS, though Utah Code Section 10-8-2 does not require a study for such nonmonetary assistance, in this case the Salt Lake City Department of Finance and the Salt Lake City Department of Sustainability voluntarily performed an analysis of the nonmonetary assistance (the "Analysis"); and

WHEREAS, the City Council has, following the giving of not less than fourteen (14) days public notice, conducted a public hearing relating to the foregoing, in satisfaction of the requirements of Utah Code Section 10-8-2; and

WHEREAS, the Council has reviewed the Analysis, and has fully considered the conclusions set forth therein, and all comments made during the public hearing;

THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah, as follows:

1. The City Council hereby adopts the conclusions set forth in the Analysis, and hereby finds and determines that, for all the reasons set forth in the Analysis, the Fee Waiver is appropriate under these circumstances.

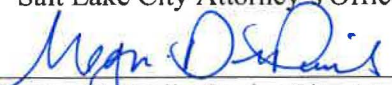
Passed by the City Council of Salt Lake City, Utah, this ____ day of _____, 2017.

SALT LAKE CITY COUNCIL

By: _____
CHAIRPERSON

ATTEST:

CITY RECORDER

APPROVED AS TO FORM: Salt Lake City Attorney's Office  Megan J. DePaulis, Senior City Attorney Date: <u>3/22/17</u>
